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DATE 2007

SUBJECT: (Optional) **Report of Audit of Operational Activity PDDYNAMIC**

FROM: Audit Staff 1201 Key	EXTENSION 2137	NO. DATE 2007 DATE 31 August 1981
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TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		

TO: (Officer designation, room number, and building)	DATE	OFFICER'S INITIALS
1. FG 6E19 Hqs	31 AUG 1981	[initials]
2.		
3. C/AAD 3D00 Hqs	7 SEP 1981	[initials]
4.		
5. C/CAS		4 [initials]
6. Dele AS		[initials]
7. [redacted]		
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Pl. develop the response to the IG, as requested by the audit staff.

Ed. F. has drafted response which I have seen

[Handwritten signature]

[Handwritten initials]

14 [initials]

[Handwritten notes and initials]

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28 August 1981

MEMORANDUM FOR: Chief, International Activities Division

VIA: Inspector General *ESV*

FROM: *[J]*
Chief, Audit Staff

SUBJECT: Report of Audit of Operational Activity
PDDYNAMIC, 1 October 1978 - 31 March 1981

1. Subject report is attached for your review. Please advise me of action taken on the recommendations contained in the report.

2. We appreciate the cooperation and assistance extended by Division personnel during the audit.

[J]

[J]

Attachment:
As stated

Distribution:
Orig. - C/IAD
1 - SSA/DDA
1 - DDO/EPDS
1 - O/Compt/BMG
1 - D/Fin

WARNING NOTICE
SENSITIVE INTELLIGENCE SOURCES
AND METHODS INVOLVED

ORIGINAL CL BY *[J]*
 DECL REVW ON 28 Aug 2001
EXT BYND 6 YRS BY *[J]*
REASON 3d(3)

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REPORT OF AUDIT
Operational Activity PDDYNAMIC

1 October 1978 - 31 March 1981

SUMMARY

1. Controls and procedures over PDDYNAMIC financial activities are in need of improvement. Various administrative matters were also discussed with responsible officers and resolved during the audit. Recommendations resulting from the audit concern:

- Recording financial accountability on Agency records and processing activity accountings in a timely manner.
- Providing in the revised administrative plan approval for accounting for research expenses and approval for insurance benefits.
- Liquidating an investment made by PDTENURE.
- Obtaining Internal Revenue Service approval for the PDTENURE pension plan.
- Resolving delinquent travel advances.
- Reporting Russian rubles held by PDTENURE.
- Obtaining protective documentation for bank accounts.

SCOPE

2. The audit included a site review of the overt records of the New York entity, PDTENURE, and review of the related Headquarters records of both PDTENURE and the Munich branch, PDTERRACE, and of the effectiveness of administrative controls and procedures to assure compliance with Agency regulations and the administrative plan.

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ORIGINAL CL BY 241457
 DECL REVW ON 28 Aug 2001
EXT BYND 6 YRS BY 241457
REASON 3d(3)

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BACKGROUND

3. PDDYNAMIC is an International Activities Division (IAD) activity designed to provide intellectual and moral support to Ukrainians in the Soviet Union who seek moderation of the Soviet political system. Ukrainian-language literature is distributed to the Soviet Ukraine and is sold to Ukrainians in Western Europe and North America. PDDYNAMIC also conducts a program relating to travelers to the Soviet Ukraine to obtain intelligence as well as to infiltrate literature.

FINANCIAL INFORMATION

4. During the audit period PDDYNAMIC received Agency funding of \$1,190,438; had bona fide income of \$273,544; and incurred expenditures totaling \$1,363,170. Additional financial information is shown in the attached Exhibit.

DETAILED COMMENTS

Financial Accountability

5. PDDYNAMIC financial accountability of \$44,859 as of 31 December 1978 was inadvertently dropped from the Agency's accounting system when responsibility for the activity was transferred from Soviet/East European Division to IAD in November 1979. Funding of \$207,718 to the PDDYNAMIC entities from March 1979 to March 1981 was directly expensed without first being recorded in advance or memorandum accounts as required for subsidy funding. Quarterly accountings submitted by the entities have not been processed since 1 January 1979, and as a result at 31 March 1981 \$759,000 remained in advance accounts and \$137,132 in memorandum accounts for these activities. Information was provided to IAD during the audit to facilitate recording of PDDYNAMIC financial accountability.

Recommendation #1: Establish and maintain accountability for PDDYNAMIC on Agency records.

Recommendation #2: Process accountings for the activity in a timely manner.

Administrative Plan

6. IAD is preparing a revised administrative plan for PDDYNAMIC as a controlled subsidy. This revised plan should address accounting requirements for certain expenses and providing insurance coverage for employees.

7. During the audit period PDTENURE expended \$170,000 for "special or research" expenses which did not have adequate supporting documentation. These expenses, involving the Soviet traveler program and debriefing activities, were often supported only by cancelled checks made out to intermediaries rather than the ultimate recipients. If normal accountings and documentation for such expenses cannot be obtained, the administrative plan should recognize and approve the special circumstances that prevail.

Recommendation #3: Provide approval in the revised administrative plan for the accounting procedures pertaining to special or research expenses.

Careful. Don't give away the story

8. PDTENURE pays the entire cost of health and life insurance premiums for its employees. During the audit period this amounted to \$28,594. Eight of the fifteen personnel covered by the health insurance plan and four of the eight personnel covered by the life insurance plan are retired from PDTENURE, with PDTENURE continuing to provide insurance coverage at no cost to the individuals. It is not clear that the PDDYNAMIC administrative plan intended to provide such benefits.

Recommendation #4: Provide approval in the revised administrative plan for appropriate insurance benefits.

Was this the intent?

Investment

9. PDTENURE invested \$100,000 of excess funds in a mutual fund liquid assets account in April 1981 without the knowledge or authorization of IAD. The administrative plan states that there is no need for PDDYNAMIC to make investments in securities or interest-bearing accounts. HHB 230-1 requires that funds in excess of normal operating requirements be held for operational purposes only when approved by the Deputy Director concerned and the Deputy Director for Administration.

Recommendation #5:

- (a) Liquidate the investment and return any excess funds to the Agency.
- (b) Limit future funding to operational needs.

How did this happen?

Pension Plan

10. In accordance with the 1978 proprietary liquidation plan to convert PDDYNAMIC to a subsidiary, IAD directed [] to transfer the PDTENURE pension plan to a private insurance company. The [] pension plan had been approved by the Internal Revenue Service (IRS); however, we could not locate IRS approval for the pension plan contract with the private insurance company. According to IRS, their approval is needed for all company pension plans unless the contract provides it is a prototype, which is not the case with the PDTENURE contract.

Recommendation #6: Direct PDTENURE to request IRS approval for the pension plan.

Travel Advances

11. Several PDTENURE travel advances are in a delinquent status. As of May 1981 the former vice president, who resigned from PDTENURE in early 1981, had not refunded April 1980 travel advances totaling \$614. PDTENURE plans to offset these advances against payments due him. The president owed a \$303 refund from a December 1980 travel advance and needs to account for several travel advances totaling \$1,943 made in early 1981. The present vice president accounted in mid-1980 for travel advances totaling \$5,900 made to her from 1976 to 1978.

12. The June 1979 IAD reply to the prior PDDYNAMIC audit report noted IAD had directed PDTENURE to establish a system to provide for quarterly review of all advances within PDTENURE. Since problems with delinquent advances continue, consideration should be given to directing PDTENURE to provide sufficient detail on advances in their quarterly financial reports to permit IAD to monitor those advances.

Recommendation #7:

- (a) Resolve delinquent advances.
- (b) Include sufficient detail in PDTENURE quarterly financial reports to enable IAD to monitor advances.

Russian Rubles

13. PDTENURE has 1,100 Russian rubles on hand (\$347 at the current market rate) which are not recorded on its financial records. These are rubles returned to PDTENURE by participants in the Soviet traveler program. More rubles have been returned

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to PDTENURE, but they have been disbursed to other travelers in the program. IAD officers were not aware of these funds. PDTENURE personnel desire to retain the rubles for use in the traveler program, but do not want them recorded on the overt records for security reasons. These funds could be reported to IAD with the quarterly accountings.

Recommendation #8: Require PDTENURE to submit a Russian ruble cash transaction statement to IAD with the quarterly accountings for recording with PDDYNAMIC accountability on Agency records.

Protective Documentation

14. Documentation to protect Agency interest in the PDTENURE and PDTERRACE bank accounts has not been prepared. A declaration of trust for the PDTENURE bank account and the provision of a signed blank check on the PDTERRACE account would supply additional protection of Agency interest.

Recommendation #9: Obtain appropriate protective documentation for the PDDYNAMIC bank accounts.

*A pretty free wheeling affair.
B.*

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PDDYNAMIC
Statement of Changes in Agency Investment
1 October 1978 - 31 March 1981

	<u>TOTAL</u>	<u>PDTENURE</u>	<u>PDERRACE</u>
Balance, 1 October 1978	\$	\$	\$
Prior Audit Adjustment			
Agency Funding			
Bona Fide Income			
Transfers			
Total			
Expenses	a/		
Balance, 31 March 1981	\$		

a/ Consists of \$ [] administrative expenses, \$ [] special expenses, \$ [] publishing expenses and \$ [] severance pay.

b/ Consists of Stockholders Equity of \$ [] and Clients' Funds of \$ []

c/ Represents cash balance at branch office of \$ [] and cash in book and digest account of \$125.

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PDDYNAMIC

1954	AERODYNAMIC (SR Div.)	C	ן	ח	ט	
1955	"	C	ן	ח	ט	
1956	"	"	"	"	"	
1957	"	ח	"	ח	ט	
1958	"	ח	ן	ח	ט	58
1959	"	ח	ח	ח	ט	
1960	"	ח	ח	ח	ט	
1961	"	"	"	"	"	
1962	"	"	"	"	"	62
1963	"	"	"	"	"	
1964	"	"	"	"	"	
1965	"	"	"	"	"	
1966	"	"	"	"	"	66
1967	"	"	"	"	"	
1968	"	"	"	"	"	
1969	"	"	"	"	"	
1970	"	C	ן	ח	ט	
1971	QRDYNAMIC (CA Staff)	"	"	"	"	
1972	"	"	"	"	"	
1973	"	"	"	"	"	
1974	"	"	"	"	"	

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			Pensions	⌈	⌋
1975	AEDYNAMIC (SE Div.)	⌈	⌋	⌈	⌋
			TQ	⌈	⌋
1976	PDDYNAMIC	"		⌈	⌋
1977	"	⌈	⌋	⌈	⌋
1978	"	⌈	⌋	⌈	⌋

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PDDYNAMIC EVOLUTION

SUMMARY:

Since 1949 CIA has supported the ZP/UHVR (Ukrainian Supreme Liberation Council), a 26-member political advisory council of senior Ukrainian emigre intellectuals. CIA helped to establish in New York City the Prolog Research and Publishing Corporation (now the Prolog Research Corporation) in 1953 as ZP/UHVR's publishing and research arm. Prolog, through an affiliate in Munich, publishes periodicals and selected books and pamphlets which seek to exploit and increase nationalist and other dissident tendencies in the Soviet Ukraine. During the early years of its association with CIA, ZP/UHVR re-established communications with resistance forces in the Ukraine. From 1954, when most organized internal opposition to Soviet rule had been suppressed, ZP/UHVR operational activity has concentrated on propaganda and contact operations.

In its distribution operations, Prolog has utilized the services of Ukrainian emigres in various countries who are sympathetic to ZP/UHVR. Since the Fifties, Ukrainian collaborators in Poland, Czechoslovakia, Hungary and Yugoslavia have infiltrated a great amount of Prolog material into the USSR. With the increase in the number of Soviet citizens allowed to travel to the West after 1959, contacts between them and Prolog collaborators in the West grew accordingly.

Over the years, Prolog contact operations have produced significant positive and operational intelligence as well as voluminous background information on the Ukraine. Prolog has been more able than other CIA assets to ferret out and approach dissident Soviet Ukrainians in the USSR. They have, thereby, obtained many dissident documents and useful operational leads. (During the past several years, however, the KGB crackdown on Ukrainian nationalists has caused a sharp decline in the exfiltration of samizdat.) Since the middle Sixties, Prolog members have proved effective in establishing dialogs with top Soviet Ukrainian officials at the United Nations.

Recently, project managers have made progress in moving PDDYNAMIC into line with SE Divisions overall objectives. In order to begin developing more accurate distribution verification and to refine targetting, ZP/UHVR's operations officer, Anatol Kaminsky, has provided

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a detailed source list of his contact operation assets. Roman Kupshinskiy, a Prolog principal since 1972, has become an effective and valuable assistant to Kaminsky in debriefing legal travelers and new emigres. This young, aggressive officer has also developed a close personal relationship with a Soviet Ukrainian official of the UN Secretariat.

In order to refine the quality of ZP/UHVR's main publication, Suchasnist, Prolog is soliciting commentaries and critiques from U.S. and Canadian academicians who read the magazine. In addition, Prolog is making a major effort to increase the number of articles written for Suchasnist by "third wave" emigres.

PRESENT STATUS:

PDDYNAMIC supports the ZP/UHVR (Ukrainian Supreme Liberation Council) and its publishing and research element, Prolog Research Corporation, an Agency proprietary located in New York City. Prolog published periodicals (the prime one being a monthly political/literary magazine - Suchasnist) (contemporary) and selected books and pamphlets through an affiliate in Munich. PDDYNAMIC is the only Agency project targeted against a non-Russian nationality of the Soviet Union. It seeks to exploit and increase nationalist and other dissident tendencies in the Ukraine and, thereby, exert pressure on the Soviet Regime to grant increased political and intellectual freedom. The council also advocates reversing the present Soviet policy of Russification being applied to other non-Russian republics of the USSR. Prolog publications are distributed to Soviets traveling or stationed in the West and infiltrated into the USSR through legal travelers and intermediate contacts in other Eastern European countries. ZP/UHVR collaborators have made frequent contacts inside the USSR which have resulted in the exfiltration of clandestine samizdat literature as well as positive and operational intelligence.

In addition to Suchasnist, which was founded in 1960 and is designed to appeal to Ukrainian intellectuals both in the Soviet Union and in the West, ZP/UHVR's other regular publications are: Ukrainskyy Samostiynyk (Ukrainian Independent), the monthly political publication of the splinter group allied with ZP/UHVR, the OUNz (Organization of Ukrainian Nationalists abroad), which is partially supported by CIA through the ZP/UHVR; Digest of the Soviet Ukrainian Press, an English-language monthly which is a by-product of Prolog's daily research on the USSR (Echos d'Ukraine, the French-language edition of the Digest was discontinued in 1972.); Informatsiyniy Byulletin (Information Bulletin), a letter-sized Ukrainian-language news sheet on dissident activity which is published four or five times a year.

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Project principals have contributed significantly to the production and distribution of a Headquarters produced bulletin, Vestnik Norodov, (Herald of the Peoples) which is edited by CIA Career Associate Alexei Milrud and aimed at minority nationalities in the USSR.

EVOLUTION:

During World War II, the ZP/UHVR directed activities of the Ukrainian Partisan Army against the Nazis and later against the Soviets, in an effort to achieve Ukrainian independence. The ZP/UHVR has collaborated with CIA in clandestine operations since 1949. During the early years of the association, ZP/UHVR re-established communications with resistance forces in the Ukraine. With CIA direction and financial support, Prolog Research and Publishing Association was established in 1953 in New York to conduct the clandestine activities of the ZP/UHVR. From 1954, when most organized internal opposition to Soviet rule had been suppressed, operational activity concentrated on propaganda and contact operations.

In its distribution of anti-Soviet propaganda, Prolog has utilized the services of numerous Ukrainian emigres in various countries who are sympathetic to the ZP/UHVR. In the Fifties, much distribution was done from Poland by Ukrainians living there. From about 1969, material has been distributed to Soviet Ukrainians by Ukrainian contacts in Poland, Czechoslovakia, Hungary and Yugoslavia. With a greater number of Soviet citizens traveling to the West after 1959, contact between them and Prolog collaborators in Western Europe increased, with a corresponding growth of direct person-to-person distribution.

Over the years, Prolog contact operations have produced significant positive intelligence as well as voluminous background information on the Ukraine. Prolog's political philosophy has been sufficiently liberal so that Soviet Ukrainians have been willing to talk to its members and collaborators. During the Sixties, Prolog established important contacts with Soviet citizens inside the USSR. Many dissident samizdat documents were obtained from these contacts. Since about the middle Sixties, Prolog members have proved effective in establishing a dialog with top Soviet Ukrainian officials at the UN.

In accordance with instructions to discontinue publishing activities in the U.S. in the wake of MHDOWEL, the Prolog Research and Publishing Association was dissolved in June 1968. The mechanism was reconstituted as the Prolog Research Corporation, a profit-making commercial enterprise, ostensibly servicing contacts for private individuals and institutions. The project's publications now originate from the Munich office, Die Ukrainische Gesellschaft fur Auslandsstudien, (The Ukrainian Society for Studies Abroad).

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Starting about 1970, the Soviets began instituting more pervasive repressive measures toward dissident Ukrainian intellectuals, particularly students, who were outspoken in their opposition to russification. Accordingly, the exfiltration of dissident documents declined from 50 items in 1969 to 10 items in 1970. Only 12 such documents were obtained in FY 1974. In FY 1973, PDDYNAMIC assets increased material aid (cash, gifts, medicine and salable art objects) to jailed dissidents or their families while stepping up both Western publicity of the arrests and persecutions in the Ukraine and the covert insertion of proscribed writings into the area.

Since ZP/UHVR has a limited outside income, inflation has hit the project particularly hard. The inordinately low salaries of key personnel were raised by 10% in FY 1971. The Munich office subsequently had to reduce its staff from six to three people. Project principals have been much more selective in choosing materials for publication. During the past several years, they also have looked for younger, more aggressive people to replace retiring staff members to compensate for the reductions in the size of the staff. To date, only one such person has joined Prolog - Roman Kupchinsky. At the FY 1975 funding level of \$272,000, PDDYNAMIC takes about 8% of the total SE/CA budget and distributes about 2% of the material.

In FY 1974, progress was made to move PDDYNAMIC into line with SE Division's overall objectives. ZP/UHVR's operations officer, Anatol Kaminsky, has provided a detailed source list of the assets he uses in contact operations inside and outside the Ukraine. This should permit a more accurate verification of materials ~~or~~ distributed and help to refine targetting. Roman Kupchinsky has received covert training and has become an effective and valuable assistant to Kaminsky. He has conducted numerous debriefings of legal travelers and new-wave emigres. He has also developed a close personal relationship with an interesting operational lead, a Soviet Ukrainian of the UN Secretariat. PDDYNAMIC publications are being used more frequently in other CIA operations against ethnic Ukrainians serving as Soviet officials abroad.

In order to refine the quality of Suchasnist, Prolog is soliciting additional commentary and critiques from U.S. and Canadian academicians who read the magazine. Prolog is also making a major effort to increase the number of articles written by "third wave" emigres. The possibility of using the PDDYNAMIC distribution mechanism in the Ukraine as a supplementary means of infiltrating Russian-language literature into the USSR is being explored.

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PDDYNAMIC 1 October 1975 - 31 January 1976 A.2 Objective

1. Operating Conditions

Concerned by the persistence of dissident elements in the Soviet Ukraine, the KGB continues to maintain stringent controls to curb the infiltration of anti-Soviet material into the Ukraine. Thus, the difficult operational climate is still a major consideration in this activity. The usual press and radio attacks against PDDYNAMIC publications and personalities were again noted during this period.

2. Progress

a. The monthly Suchasnist has been featuring an increasing number of contributions from internal dissident authors, protected by the use of pseudonyms. As the result of budgetary restrictions the Ukrainian Independent, formerly a monthly, and more recently a quarterly, will henceforth appear only as a non-periodical publication, in one or two special issues yearly. In addition to three books in Ukrainian, the commercial edition of the Russian-language book "The Nationality Problem in the USSR" has appeared, and is being sold through commercial channels. The OTS-printed version, in small format on bible paper, without colophon or identification of the editor (PDDYNAMIC/57) is being distributed through PDDYNAMIC assets in West and East Europe, and through []

b. During this four-month period 7,100 items were distributed to the target area, broken down as follows:

- | | |
|--|-------|
| (1) Hand-carried (directly or via East Europe) | 750 |
| (2) Infiltrated by seamen, students, or concealed in packages | 650 |
| (3) Hand-carried to East European countries, and mailed from there into USSR | 300 |
| (4) Distributed personally to Soviets in the West | 400 |
| (5) Individual mailings from the West (including 3,200 copies of the <u>Information Bulletin</u> , mailed in hand addressed envelopes) | 5,000 |

c. In the West 6,500 copies of PDDYNAMIC periodicals and 1,500 books were sold commercially, yielding \$7,775 income. This figure is low for this period because most subscriptions renewals

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are due in the Spring and Summer months. It is assumed that some of these will be purchased by, or passed to Soviet Ukrainians but no reliable estimate is available.

d. Ninetsen persons traveled to the Soviet Union during the past four months and reported on their travels to PDDYNAMIC sources. About 150 persons were contacted in the USSR, and 70 travelers from the USSR were contacted in the West.

e. PDDYNAMIC/29 continues to report on the activities of the Ukrainian Society for the Study of Asian Problems in Munich, which is of interest to identified intelligence officers of the People's Republic of China stationed in Bonn. PDDYNAMIC/29 has recently met with two [] officers to report directly to them on developments, and [] has requested that he meet with them regularly when on TDY in Europe. We welcome this arrangement, not only as exploitation of an Objective B.1 target, but as a direct case officer channel for this experienced asset while he is in Europe.

3. Capabilities

Capabilities against the Soviet Ukrainian target remain essentially the same. The sensitive distribution channels to the Ukraine through East Europe continue to provide an effective means of getting material inside, since they utilize ideologically motivated persons who have legitimate reasons to travel from East European centers into the Soviet Union.

4. Plans

a. PDDYNAMIC/57, an effective young officer of the PDDYNAMIC organization, will be sent to Italy and Germany for several weeks in the Spring to begin developing new distribution and reporting channels, using students involved in promoting the rights and defense of Soviet political prisoners. PDDYNAMIC/57 has been successful on numerous occasions in developing a strong rapport with this age group.

b. PDDYNAMIC/2, the patriarch of the PDDYNAMIC group, retired in December 1975. He will serve in a consultant status, concerning himself with operational aspects of communicating with internal sources, including the families and friends of imprisoned dissidents.

c. A total of five Ukrainian-language books is planned for publication in the next six months.

d. PDDYNAMIC/57 has recently established contact with a group of younger students in the New York area, emigres and children of emigres of Crimean Tatar nationality. It is hoped to expand these

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contacts in the coming months, to obtain contributions to Suchasnist magazine, and open new distribution channels to Soviet citizens.

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15 October 1975

PDDYNAMIC (1 April - 30 September 1975) A.2 Objective

1. Operating Conditions:

There have been no changes in the difficult operating climate described in the previous review. Under detente and especially with the CSCE agreements in Helsinki, the Soviet Government continues to show severe concern about infiltration of ideas and information from the West. Its hostile reaction to PDDYNAMIC publications continues in press and radio attacks. Comment from the USSR reaching PDDYNAMIC indicates that Ukrainian dissidence is still alive and continues to annoy Soviet authorities.

2. Progress:

a. PDDYNAMIC continued to publish its monthly Suchasnist (Contemporary), its quarterly Ukrainian Independent, and a quarterly letter-size Information Bulletin. Six books in Ukrainian and Russian were also published. A Russian-language book Nationalities Problem in the USSR was completed and edited by a PDDYNAMIC officer from samizdat documents. It will be distributed in two editions: a non-attributable OTS-printed pocket size edition for infiltration into the USSR, and a larger commercial edition for commercial sales. The OTS version has been printed and 700 copies have been accepted by PDPORAL assets for distribution to Soviet citizens.

b. About 9,400 items published by PDDYNAMIC were distributed to the target, roughly equivalent to the previous six-month period.

(1) Hand-carried (directly or via Eastern Europe)	1,200
(2) Infiltrated by seamen, students, or concealed in packages	860
(3) Hand-carried into Eastern Europe and mailed to the USSR	400
(4) By hand to Soviets in the West	470
(5) Individual mailings from the West (includes 4,200 copies of <u>Information Bulletin</u> in hand-addressed envelopes)	6,500
	9,430 TOTAL

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c. In the West 11,020 copies of periodicals and 2,900 books produced by PDDYNAMIC were sold commercially, yielding \$27,655 in income. While some of this probably reached Soviet citizens, no reasonable estimate can be made.

d. Some 55 individuals traveled to the USSR and reported on their trip to PDDYNAMIC representatives. About 350 persons were contacted in the USSR, and 200 travelers from the USSR were contacted in the West.

e. Despite stringent internal controls Ukrainian contacts provided much material for use in PDDYNAMIC publications and some positive intelligence information which yielded four PI disseminations.

f. As a by-product contribution on the Chinese target, a principal PDDYNAMIC officer has been monitoring a Chinese-supported Ukrainian emigre activity based in Germany (the Ukrainian Society for the Study of Asian Problems-USSAP). The head of the USSAP is another PDDYNAMIC contact, who is in direct contact with Chinese officials in Bonn. We have just arranged introduction of a [] case officer to the principal PDDYNAMIC officer, so there can be direct field exploitation and monitoring of USSAP's activities with the PRC.

3. Capabilities:

There has been no essential change in capabilities against the Ukrainian target. As noted above, there has been increased PRC interest abroad in contacting Soviet emigre groups for information on the USSR. As possible, we will ensure exploitation of PDDYNAMIC for this Objective B.1 by-product.

4. Plans:

To reduce overhead expenses PDDYNAMIC/2 will retire in December 1975 at the age of 65 and will not be replaced. The quarterly Ukrains'ky Samostiynyk (Ukrainian Independent) is being cut further and will only be published on special occasions, once or twice yearly. Only five books are planned for publication in the next six months.

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1 May 1975

PDDYNAMIC: (1 October - 31 March 1975) A.2 Objective

1. Operating Conditions

The Ukraine remains a more tightly controlled area than other republics in the western USSR. It has become increasingly difficult to infiltrate books and periodicals in the Ukrainian language because of this and Soviet Government fears about the strength of Ukrainian nationalism. Acknowledgement of receipt of this material within the Ukraine is rarely direct because of regime controls. However, recipients do so acknowledge through code words, phases or oblique references in letters to the West.

2. Progress

a. PDDYNAMIC continued to publish two monthlies, Suchasnist (Contemporary) and Ukrains'kyi Samostinyk (Ukrainian Independent), and a quarterly, Letter-sized Information Bulletin. It also published four books, including coverage of two prominent Ukrainian dissenters, Moroz and Plyushch.

b. Some 9,690 items published by PDDYNAMIC were distributed to the target, somewhat more than the 6,500 items disseminated in the previous 6-month period.

- | | |
|---|-------|
| (1) Hand-carried (directly or via Eastern Europe) | 1,450 |
| (2) Infiltrated via seamen, students in minibuses, and hidden in food/clothing parcels | 900 |
| (3) Hand-carried into Eastern Europe and mailed to USSR | 1,560 |
| (4) By hand to Soviet travelers in the West | 630 |
| (5) Individual mailings from West (includes 3,250 copies of Information Bulletin in hand-addressed envelopes) | 5,150 |

9,690 TOTAL

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c. In the West some 11,500 copies of the two monthlies and 2,550 books were sold commercially, yielding about \$23,000 income. Some of these probably reached visiting Soviets, but no accurate figure can be given.

d. Some 122 individuals traveled to the USSR and reported on their trip to PDDYNAMIC representatives. About 400 persons were contacted in the Ukraine and 276 Soviets were contacted in the West.

e. Some PDDYNAMIC articles and excerpts are being photocopied in the USSR and distributed, based on regime accusations against arrested dissidents found with such material.

f. Due to internal controls PI yield from internal missions has remained nil, although one PI dissem and several OI reports have been obtained.

3. Capabilities

PDDYNAMIC has a special capability to reach the largest national minority in the USSR with propaganda materials in Ukrainian, and to analyze Ukrainian developments. The Soviets continue to attack in their media the PDDYNAMIC principals and publications. Internal controls on western contacts with Ukrainians continue to prevent volume delivery to the target area, and PI acquisition has been eliminated because most prominent Ukrainian dissidents, formerly our main sources, have been in prison since 1972.

4. Plans

We have tightened the administration of PDDYNAMIC and reduced projected FY 76 costs by ten per cent (\$27,000). To do this, the PDDYNAMIC head will retire as of 31 December 1975; the monthly Ukrains'kyi Samostinyk will become a quarterly; the book publication program will be reduced; and Suchasnist, the major monthly, will be cut back to ten issues. To improve distribution to the target, we are exploring with the [the possibility of moving a PDDYNAMIC employee to Munich.

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